

EXHIBIT C

CLOUTIER AGREEMENT

Borders Group, Inc.
100 Phoenix Dr.
Ann Arbor, MI 48108

T(734) 477-1661



August 12, 2010

Michele Cloutier
18241 Via Caprini Drive
Miromar Lakes, Florida 33913

Dear Michele:

This letter is to confirm the details of our offer of employment as the Executive Vice President, Chief Merchandising Officer reporting to me. Michele, I am excited about the strategic vision you bring to this challenging opportunity.

Compensation:

- Your biweekly salary will be \$19230.77, which is \$500,000 annualized. Your performance and salary will be reviewed annually with your next performance review occurring in April 2011.
- Your cash incentive opportunity as a percentage of salary is 20% at threshold, 80% at target, and 160% at maximum. As an EVP, your bonus will be entirely based on EBITDA targets set by the Board of Directors.
 - For the first twelve months of your employment, we will guarantee your incentive at \$200,000. Fifty percent or \$100,000 will be paid no later than April 1, 2011. The remainder will be paid on the first anniversary of your employment with Borders. Should the Company earn incentive at a higher percentage, you will earn that higher percentage pro-rated for your time with the Company.
- Under the Borders Group, Inc. 2004 Long-Term Incentive Plan (the "Plan"), you will receive a stock option grant for 300,000 shares subject to the approval of the Compensation Committee of the Board of Directors. These options vest 100% after three years. Options are granted at the closing price of share of the Company's stock on the day prior to the effective date of the grant.
- You will be covered by a severance agreement that provides salary protection (annual base salary) for up to one year plus any bonus earned and healthcare benefits in the event your employment is terminated by the Company other than for cause or disability or by you for good reason as defined in the agreement and for two years plus target bonus and healthcare benefits in the event of a change

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of control. Attached is the severance agreement. In addition, the Company will provide outplacement services with a reputable firm for up to one year.

Benefits:

- **Healthcare:** You are eligible to participate in our healthcare benefits including medical, dental and vision beginning the first of the month following one month of employment.
- **Paid Time Off:** The vacation plan year begins February 1 and ends January 31. As an Officer, you will be eligible for four (4) weeks vacation each vacation plan year. Additionally, all regular, full-time employees are eligible for sick/personal days each Personal Time Plan Year.
- **Executive Long Term Disability Plan:** Effective the first of the month following your date of hire, the ELTD plan provides 60% income replacement to a monthly maximum of \$15,000 and is entirely by the Company
- **401(K) Savings Plan:** You may invest up to 50% of pay on a pre-tax and/or after tax basis. Currently, the Company is not providing a match, however we hope to restore matching in 2011.

Relocation:

- **Physical Move:** We will pack and move your household goods. Borders has established relationships with van lines, including Stevens Worldwide and Graebel. This will be initiated by Borders and direct-billed to the Company.
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- **Interim Living:** We will provide up to 6 months interim living or duplicate mortgage payments. In the event suitable housing is not found within 6 months, the Company may extend this benefit for up to an additional 3 months.
- **Relocation Allowance:** A lump sum allowance of \$150,000 less appropriate taxes will be provided to in order to help defray any relocation expenses that may be incurred. This allowance will be provided along with your first payroll check. Should relocation expenses exceed this amount, the Company may provide up to an additional \$25,000 based on proof of expense. The IRS regards the lump sum allowance provided to you as relocation assistance as taxable income,

Attached is our relocation policy and agreement.

Please note: If there is a conflict or discrepancy between this document and the Corporate Office Employee Handbook and/or the benefit plans Plan documents, those

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documents will prevail. This letter contains all of the terms and conditions of your offer of employment and is contingent upon successful completion of background checks. Your employment with the Company is at-will and neither this letter nor any other oral or written representations may be considered a contract for any specific period of time.

This offer of employment is also contingent upon your execution of a Non-competition Agreement, which you will be required to sign and deliver to the Company on your first day of employment.

Michele, we have significant challenges ahead of us and I know that you will add a great deal to our team. On behalf of Borders Group, Inc., I look forward to your positive response. If you have any questions, please contact Rosalind at 734-477-1384 or me at 734-477-1384.

Sincerely,



Mike Edwards
CEO

My signature below indicates acceptance of employment as outlined in this letter.

Michele M. Coulter
Michele Coulter

8.20.10
Date